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SENATE BILL 3178 By
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HOUSE BILL 3087
By Kisber

AN ACT to amend Tennessee Code Annotated, Section 9-21-151,
relative to the issuance of debt obligations.

WHEREAS, debt issues by local governments in many instances have become very complicated; and

WHEREAS, it has become very difficult for a local government to determine the true cost of issuance for certain debt obligations; and

WHEREAS, it is the intent of the general assembly that local governments be informed as to the true cost of the issuance of certain debt obligations prior to the sales of said debt obligations; and

WHEREAS, it is in the best interest of the citizens of local government to have public disclosure of the true cost of the issuance of certain debt; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-21-151, is amended by adding the following language as a new subsection (b) and redesignating the existing language accordingly:

(b)(1) Prior to the issuance of debt obligations by or on behalf of any public entity, the issuer, underwriter, financial advisor or other financial representative to the public entity shall report to the public entity and the director, the estimated cost of the issuance in accordance with procedures adopted by the state funding board.

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(2) The funding board shall adopt by resolution a form and guidelines to be used for submission of the cost information. Such guidelines adopted by the funding board may establish a minimum amount of the debt obligation before the cost reporting would be required.

(3) Any debt obligation issued by a public entity without submitting the required cost reporting shall be null and void.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.